



General Assembly

January Session, 2007

**Committee Bill No. 6070**

LCO No. 5900

\*05900HB06070JUD\*

Referred to Committee on Judiciary

Introduced by:  
(JUD)

***AN ACT PROHIBITING THE RECOVERY OF EXCESSIVE LATE FEES  
IN CONSUMER CREDIT TRANSACTIONS AND CONCERNING THE  
REPOSSESSION OF MOTOR VEHICLES IN BANKRUPTCY CASES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1       Section 1. (NEW) (*Effective October 1, 2007, and applicable to any civil*  
2       *action pending on or filed on or after said date*) (a) As used in this section:  
3       (1) "Consumer credit transaction" means any secured or unsecured  
4       loan or extension of credit made to a natural person, the proceeds of  
5       which are intended primarily for personal, family or household  
6       purposes; and (2) "consumer" means any natural person to whom any  
7       secured or unsecured loan or extension of credit, intended primarily  
8       for personal, family or household purposes, has been made.
- 9       (b) No delinquency charge, late fee or similar assessment as a result  
10      of a late payment, imposed on a consumer in a consumer credit  
11      transaction, shall be recovered in any civil action if the amount of such  
12      delinquency charge, late fee or similar assessment exceeds the amount  
13      of principal and accrued interest currently owed by the consumer in  
14      such consumer credit transaction.

15 Sec. 2. Subsection (a) of section 36a-785 of the general statutes is  
 16 repealed and the following is substituted in lieu thereof (*Effective*  
 17 *October 1, 2007*):

18 (a) When the retail buyer is in default in the payment of any sum  
 19 due under the retail installment contract or installment loan contract,  
 20 or in the performance of any other condition which such contract  
 21 requires [him] the retail buyer to perform, or in the performance of any  
 22 promise, the breach of which is by such contract expressly made a  
 23 ground for the retaking of the goods, the holder of the contract may  
 24 retake possession thereof, except that the filing of a petition in  
 25 bankruptcy under Chapter 7 of Title 11 of the United States Code by  
 26 the retail buyer of a motor vehicle, or such retail buyer's status as a  
 27 debtor in bankruptcy under said chapter, shall not by itself be a default  
 28 or a ground for the retaking of the motor vehicle for the purposes of  
 29 this subsection. Unless the goods can be retaken without breach of the  
 30 peace, [it] the goods shall be retaken by legal process, but nothing  
 31 [herein contained] in this section shall be construed to authorize a  
 32 violation of the criminal law. In the case of repossession of any motor  
 33 vehicle without the knowledge of the retail buyer, the local police  
 34 department shall be notified of such repossession immediately  
 35 thereafter. In the absence of a local police department or if the local  
 36 police department cannot be reached for notification, the state police  
 37 shall be promptly notified of such repossession.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2007, and applicable to any civil action pending on or filed on or after said date</i>	New section
Sec. 2	<i>October 1, 2007</i>	36a-785(a)

**Statement of Purpose:**

To prohibit the recovery in a civil action of any late fee or similar charge imposed pursuant to a consumer credit transaction where the

amount of such late fee or charge exceeds the amount of principal and interest owed by the consumer, and to provide that the filing of a bankruptcy petition by a retail buyer of a motor vehicle, or such buyer's status as a debtor in bankruptcy, shall not by itself be a default under a retail installment contract or installment loan contract or be a ground for repossession of the motor vehicle.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: REP. HETHERINGTON, 125th Dist.; REP. ALBERTS, 50th Dist.  
REP. FAHRBACH, 61st Dist.; REP. BURNS, 77th Dist.  
REP. KLARIDES, 114th Dist.; REP. FERRARI, 62nd Dist.  
REP. VILLANO, 91st Dist.; REP. RYAN, 139th Dist.  
REP. TRUGLIA, 145th Dist.; REP. TONG, 147th Dist.

H.B. 6070